

Message Text

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PAGE 01 PARIS 37793 221945Z
ACTION EUR-12

INFO OCT-01 NEA-10 ISO-00 AID-05 CIAE-00 COME-00 EB-07
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03
SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15
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R 222037Z DEC 76
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 8192
INFO AMEMBASSY CAIRO

C O N F I D E N T I A L PARIS 37793

E.O. 11652 GDS
TAGS: EAID, EFIN, MASS, EG, FR
SUBJECT: FRENCH LOAN TO EGYPT

REF: (A) STATE 302757 (B) CAIRO 17359 (C) PARIS 33291

1. WITHOUT EXCLUDING POSSIBILITY THAT THERE STILL
MIGHT BE MORE TO SITUATION THAN WE KNOW, OUR CONTACTS
WITH OFFICIALS HERE HAVE TENDED TO CONFIRM WITH BUT
LITTLE AMPLIFICATION THAT WHICH EMBASSY CAIRO
REPORTED IN REF B.

2. GOF MINISTRY OF ECONOMY AND FINANCE PUT
OUT PRO FORMA STATEMENT FOLLOWING EGYPTIAN ECONMIN
UNDERSECRETARY GAMAL EL-NAZER'S DECEMBER 8-9 PARIS
VISIT. IT SIMPLY NOTED FRANCE HAD AGREED TO 540 MILLION
FRANC LOAN QUOTE IN PREFERENTIAL CREDITS INCLUDING
TREASURY LOANS WITH THE AIM OF FACILITATING PURCHASE
BY EGYPT OF FRENCH EQUIPMENT FOR REALIZATION OF LARGE
DEVELOPMENT PROJECTS UNQUOTE. ONLY SPECIFIC PROJECT
MENTIONED IN TEXT OF STATEMENT--OR FOR THAT MATTER BY
ANY OF THE GOF OFFICIALS TO WHOM WE HAVE SPOKEN ABOUT
THIS LOAN--IS CAIRO METRO, WHICH IS SCHEDULED TO
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RECEIVE 160 MILLION FRANCS. AS YET, NO OTHER PROJECTS
HAVE BEEN NAMED. ALTHOUGH ACTIVITIES OUTSIDE OF
CIVILIAN SECTOR MAY BE EXCLUDED, WE WILL, NEVERTHELESS,
KEEP WEATHER EYE OUT FOR ANY INDICATION THAT
DESSAULT'S INTERESTS IN ARAB MILITARY INDUSTRIES
ORGANIZATION (AMIO) MIGHT BE INFLUENCING SELECTION OF

PROJECTS TO BE SUPPORTED WITH REMAINING 380 MILLION
FRANCS.

3. REGARDING INTEREST RATE, OUR SOURCES CONFIRM
THAT DIRECT TREASURY LOANS WILL BE AT CONCESSIONAL
3.5 PERCENT AS REPORTED IN REF B. THEY SAY RATE ON
EXPORT CREDIT PORTION WILL BE AT COMMERCIAL LEVEL
BETWEEN 7 AND 8 PERCENT. INFORMATION ON GRACE AND
REPAYMENT PERIODS HAS NOT RPT NOT BEEN MADE AVAILABLE
TO US.
RUSH

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